SPECIAL MEETING OF BERKELEY COUNTY COUNCIL

Chairman: Mr. Daniel W. Davis, Supervisor
Vice Chairman: Mr. Steve C, Davis, District No. 8

A **Special Meeting** of **Berkeley County Council** was held on **Tuesday**, **May 22**, **2012** at **6:00 p.m.**, in the Supervisor's Conference Room, Berkeley County Administration Building, 1003 Highway 52, Moncks Corner, South Carolina.

PRESENT: Mr. Daniel W. Davis, Supervisor, Chairman; Mr. Phillip Farley, Council Member District No. 1; Mr. Robert O. Call, Jr., Council Member District No. 3; Mrs. Cathy Davis, Council Member District No. 4; Mr. Jack H. Schurlknight, Council Member District No. 6; Mr. Steve C. Davis, Council Member District No 8; Mrs. Elizabeth Cannon, Assistant County Attorney. Mrs. Patricia R. Dennis and Mrs. Melissa P. Harris, County Council Office. Council Member Timothy Callanan, Council Member District No. 2 and Mr. Caldwell Pinckney, Jr., Council Member District No. 7 were absent. Mr. Dennis L. Fish, Council Member District No. 5 was excused.

ALSO PRESENT: BCWS- Colin Martin, Director; Johnette Connelley, Finance Director; Steve Hively, Operations Director; Micah Miley, Engineering Director BERKELEY COUNTY- Kace Smith, Finance Director; Jennifer Hinson, Finance; Chip Boling, IT Director.

In accordance with the Freedom of Information Act, the electronic and print media were duly notified.

CALL TO ORDER

Chairman Daniel Davis: "Alright, we finally got a quorum so I'd like to call the meeting to order; the Special Workshop Meeting to order. The first question is, Mrs. Dennis, has this meeting been properly advertised? Oh, where'd she go? She was in the back."

Mrs. Harris: "That's ok, I can answer it."

Supervisor Daniel Davis: "Alright, Melissa?"

Mrs. Harris: "This meeting meets the requirements of the South Carolina Freedom of Information Act."

Supervisor Daniel Davis: "Thank you and I'd like to call on Chip Boiling to lead us off in a word of prayer and then Steve if you'll lead us in the Pledge of Allegiance."

Supervisor Daniel Davis: "Ok, without further a due, I'll call on Colin to start us off."

Mr. Colin Martin: "Well, good evening Council Members."

Councilman S. Davis: "Good evening."

WATER AND SANTITATION

Mr. Colin Martin: "It's not going to be a shocking presentation to you tonight. We're gonna show you some of the things that we started to show you last year. We're going to stick with some of those same themes. We will show you actually some of the slides from last year to refresh your memory and show you where we've moved on from there. I do want to say in current budget…we haven't seen budget cover yet that we're doing. There's pictures of people receiving awards. What I'm apologizing for, is I'm in every one of those handing them awards. I really don't need that visual at this (inaudible). But what we wanted to do is match with the quote there that we seek to recognize our people. (Slide 2) Our workforce is the most important part of our organization. Better job every year and this budgeting process gets better and more accountable every year primarily because of our Finance Director, Johnette Connelley. So, she made it in some ways easier from with the reports provided and required it's more accountable. We'll go similar to the pattern of past years. (Slide 3) We'll talk about 12 Stats; how we're doing this year first and then we'll get into the budget for next years. We'll spend a little bit of time right in here because these are tough challenges and we want to demonstrate this model that Steve Hively and his people, mostly put together called R.A.M.P. and then move in some positive notes, update on bio-energy projects. We've talked about effective utility management and just some of our accomplishments which we've spent the resources this year. (Slide 4) Alright, let's start with 2012, how we're doing. This is the water fund. 75% of the year over and this is up till March 2012. So we're lagging a little bit in late revenues as you…about 3% from what we estimated. This is comparison with wherever we're at with where we budgeted to be. So, we're going to miss the target a little bit. We're running 3% over there but, overall total revenue for water fund is right on target at 75%. On the expense side, it's difficult because we've got these big debt payments coming up. It's difficult to track and say, well 48% way behind on our expenses because that one just kicked in, it'll be paid this month for June. On closer track it's probably 63% it'll be a little higher than that. But, it appears we're going to end the year revenues over expenses in ours. Similarly in sewer, running a little higher, a little above revenues with 77% and then after the debt payment is paid it'll be a little higher than this operating expenses. I believe…but it still should be, again, revenues ahead of the expenses. We worked hard out here to keep the expenses down."

Councilman S. Davis: "The other revenue, what's that representing?"

Mr. Colin Martin: "The other revenue, Johnette you want to talk about other revenue?"

Ms. Johnette Connelly: "Other revenues are things like your seepage fees or miscellaneous fees or …let me look at a couple of them and I can give you some good examples."

Mr. Colin Martin: "She gave me a cheat sheet just for that question and I left it on my desk."

Ms. Johnette Connelly: "Legal transfer fees, cooler limit surcharges, inspection fees, grease traps, and that type of thing. It's everything that's outside of regular rate revenue and late fees….everything else."

Mr. Colin Martin: "So, again, sewer looks good this year. We combined Sewer and Water here just to show you the overall. We're running just a tick behind 75% on the rates revenues but we're a couple of percent over on revenues and it will be 2% or 3% under on expenses I believe for Water and Sewer combined. Solid Waste a little different, have to interpret of the 93%. Most of its funding comes to the tax bill. That's the solid waste user fee so, we'll have to look at that and see anything, but last year at this time through March we were tracking at 91.2%. So, we're tracking a little ahead of last year there. And this operating expense is, he's got a small debt to pay here otherwise that keeps that down, but again I think we are in fine shape in Solid Waste. In context I may introduce these categories to you last year. We had five years of data and now we're at 2011 over what 2012 that we can project. We could put that in there. (Slide 9) First of all, the number of active customers that we have, water and sewer customers, you saw the big growth in the growth years slowed down and then this is 2% here. So, we've had 16% growth year over year through the recession and we are moving along at a slow pace but certainly the growth is better than decline. (Slide 10) Average monthly rate revenue, this is just what it says so we can use the March funds. We have all 9 of our months already accounted for and the average rate revenue. You see we had the big increase in these two years because this was the first year that the rate increase took effect for water and the fees for water. So, since then we've had 3.5 and now we're slowing up a little bit. 1.2% growth revenue this year. (Slide 11) This is the Water and Sewer Fee and Rate Revenue Only and of course, that's the big dollars. We have other revenues but this continues the saga of the fall here from 06-07. Actually the yellow or rate colors have grown after the rate increase. But, what's positive is they'll stay down of course, because of the fees. We didn't do any better this year. We didn't see it pick back up. We are estimating at this fiscal year end, we'll still below us in 6 years of rate revenue. (Slide 12) Interestingly enough, this is the same only a two dimensional diagram with this green line across here, 06-07 had a total of $32,300,000. We have yet to recover back to that recovery point that we call it. We're still a couple of million dollars, $1.3 or 4 million dollars short of reaching that. We actually think we're a little closer than last year. (Slide 13) This is Impact and Connection Fees. Again, it only breaks it down by color, the different fees and there's really not a large discernment. They all got smaller. We had a little bumper problem last year, but we're back now to the…almost the lowest. We can probably tie there with 09 and 10 (FY09-10), is the lowest in impact and connection fees. (Slide 14) Tap Sales. Again, the boom years and the big drop, it got a little thicker back here. This is as of March. We didn't try to do a fiscal year end estimate, so we'll be above this probably. But, it looks like tap sales may be on the rise; just a little signal of that right now. (Slide 15) Net Revenue, now, this is in Solid Waste. And remember, we talked about the decline and Net Revenues and Solid Wastes. At this will, we are projecting by the end of this year; we will be at the lowest point in the six years as far as, Solid Waste Revenues. (Slide 16) And this corresponds to the tonnage. Tonnage continues to drop year by year. We are projecting, you never know, but we are projecting again…the lowest year, this next year of these six years. So, this typical of the United States in general in a matter of Solid Waste and certainly predominate of the Southeast and tonnage is continuing to drop. (Slide 18) Alright, shifting from what we had was the past and the present and we'll look to the future at least as far as the year is concerned. This budget, I would characterize its balanced. It predicts decreased revenue; it doesn't change rates and fees. So, feel free to exit at your will. Remember, that was your cue last year. It includes two new full time and two part time positions, but we have offsets for those. We'll talk more about this replacement and renovation fund that we set up last year; that we talked extensively about, a little bit later on in the presentation. In the L&M part it doesn't reflect some of our modeling that you will see later that certainly doesn't affect the budget (inaudible). (Slide 19) Here's the dollars. You got a total of $46,621,000 coming in. $46,610,000 going out. The…and you can see the numbers. I'm going to show you a little breakdown of some of these, but that's....We show this as up 2% on revenues and expenses from last year. That's a little bit of fuzzy math and we're going to explain that to you. These are the numbers as they are. Really the revenues are going to decline by about a percent and we have explanation of that also. (Slide 22) Here are the Personnel that we talked about. The new positions Pump/Plant Maintenance full-time Mechanic, Human Resources Assistant, we're asking that move from part-time, to full-time, Recycling Program Assistant, part-time and an Accounting Clerk part-time. (Slide 23) First the Pump and Plant Maintenance Mechanic; we have approximately 165 new equipment that went in with the modernization and expansion of the Lower Berkeley Waste Water Treatment Plant. We'll add about a 150 pieces with the Central Berkeley Plant. Additionally, we have, we continue to try to wrestle with the odor control problem. To do that we've taken on some hydrogen sulfite monitors that have to be not only used, but calibrated, but those fall within the (inaudible). All of our mechanics are having to step up to take on more responsibility and there just isn't …to hold him down to just one position. There's the salary and there's the salary that benefits that position. (Slide 24) Human Resources Assistant, this is really a split task. We'll use the Human Resource Assistant title. This would go from a part-time to a full-time for really a couple of reasons. We're trying to do more in HR and we're doing it well. We're getting our people out so they're more visible. They're more available to our employees and that really shows benefits. In addition, this program is showing benefits too. It's hard to quantify how much your wellness program is contributing to the overall moral or the safety of your organization. But as you know, in calendar year 2011 we had no reportable incidences. We had no loss of work cases. So, I think that's part of it and we wanna expand part of that and the employees are all about…safety specialist. A safety specialist is best used out in the field. Going to work sites, talking to the employees, making corrections where he sees things that may go wrong. It's just setting that tone; setting that attitude. It's not back in the office doing a lot of paperwork. He does have reports to file. Now, there are increased certification and reporting requirements by LOR on safety and risk management; he would have to do this. But, this HR assistant can double team and work here and help him out, and stay out in the field, where he belongs. That position would move from $16,380. It hasn't been up to the $32…it now doubles with benefits. (Slide 25) A Recycling Program Assistant; our Recycling Board Meter is doing a bang up job. She's out there in the community and she tries to attend every event that we are invited to. She either brings the recycling trailer or she has a booth. The problem is in order to be out there that much, she doesn't have any help and nobody is really answering the questions back in her office. We do the best that we can and with the people that are back there could in fact, for instance, when the carnival, when the fair comes, there's 10 nights running that she's gotta be out there. A lot of weekends so, we thought a part-time assistant could help her in the office more. Help her hook up the trailers. Sometimes, take shifts with her in the trailers and we could continue that visibility in the community and it's a fairly small price tag. (Slide 26) This one's growing in need. We've actually filled in with temps for a while. Temps are expensive, but just to cover some of the workload. We're trying to cover 6 days out of the week in the scale house with only 2 scale clerks and that's tough especially when you're considering holidays, vacations and illnesses. It's real tough. The temps didn't work out so much because we need them to know the software and the process that we use in the scale, as you would expect. About the time they're trained, the temp agency swaps them out and sends somebody else to start over. Container checks, these container checks are critical when it comes to getting the SWUF numbers on the tax bill right. It accounts for about $2.4 million dollars to the solid waste user fund and this individual is a key player… would be a key player, in checking those containers and what size they are with the businesses commercially and (inaudible) they're using. That's about a $15,000 ticket as well, for about 20 hours a week. (Slide 27) New personnel costs totaled up with salary and benefits to about $91,000. We want to phase-out; in fact, we have phased out and want to take off the books these positions, 1 full-time meter-reader and 2 temps that we're doing on meter-readers and this was scaling down from a meter-read system to the Flex-Net Radio Read System. So, those people are now, no longer being utilized and so we're saving that amount. So, with these personnel, having them phased out, we actually make $5,000. It's basically a wash."

Councilman Schurlknight: "Colin?"

Mr. Colin Martin: "Yes, sir?"

Councilman Schurlknight: "On that $97,000 is that a direct benefit for the Flex-Net? Or am I reading…"

Mr. Colin Martin: "Yes sir, well I mean, it's basically because of that."

Councilman Schurlknight: "Right, that what caused it to drop, was those three positions."

Mr. Colin Martin: "Yes sir and that helps over time to pay for that."

Councilman Schurlknight: "Right, exactly."

Mr. Colin Martin: "Capital Improvement Plan is as much like you've seen in the past projects. I'll turn it over to Micah Miley and let him explain some of those."

Mr. Micah Miley: (Slide 29) "Like Colin said, the Capital Improvement Plan is just only presented in the past. We're looking at 5 years out. Inside the budget book there's a detailed description of each one of the plans; sheet by sheet, going through it. I just wanted to kind of quickly pick up on a few of them going through, kind of talk about a few others. Flex-Net was one Colin was just speaking about. It's still sitting on our budget. We've got this area along 17A where we're widening, where the road is being widened. We don't want to put our Flex-Net meters out there with that much construction going on because it'll get damaged. We've got the area on College Park Road. We know it's fixing to be widened so we don't want to put the new equipment out there to be damaged there. We have a couple of little areas in the County that's weak on signal. We don't have the consistency of meter reading that we want so, we're gonna look at maybe doing a little something in a couple of those areas to pick up those weak spots. The other one I want to talk about I kind of led into is the College Park Road Project. I'm showing that for FY14, is kind of when we're expecting the College Park construction of the road to really be in full swing. We're planning for the water relocation to be done by the DOT contractor. We have learned the hard way that we have a utility contractor working the same ground with the road contractor. You always have conflicts going back and forth. We have one contractor doing both. He's got to argue with himself when there's something in his way. (Slide 30) St. Stephen water tower replacement; when we took over St. Stephen we ran models. Their system had been running that pressure for some time. We came through. We started doing the level of backflow prevention that we want to do, which is putting reduced pressures on all of the commercial businesses; reduced principle backflow preventers. With that you reduce the pressure slightly. We found that there's a couple of spots where there were problems with pressure with those reduced backflow preventers. We worked with the Department of Commerce and we're able to get a grant to raise the towers. Started the design on the project and found out that we have adequate information about the foundations. We're actually going to raise the existing tower and save us about a $100,000 dollars under what's budget shown here. Working out the details of all the costing and stuff and I could be off slightly, but the next six weeks I'll know those numbers much more clearly and definitively. Looking at the FY15 Water projects, I'm going to steal a little bit of Steve's thunder. He's going to present the RAMP model to you. It's where we're taking all of our information stored on work orders on every line segment that we work on out in the field, we're looking every week, every water main break, every time another contractor hits our water mains and we're identifying each line segment that's showing a history of maintenance problems. From that, when you look at that detailed description in the budget book, you're going to see a bunch of numbers. That is actually our asset number for a specific water line that our computer system is showing us that we're having a lot of maintenance associated with. So, that's why we're looking at those to, for replacement plan, lower our maintenance costs line segment by line segment. (Slide 30) Shifting over to sewer, the big project there at the top, Central Berkeley Flow Diversion, the treatment plant itself is essentially complete with construction. We're now in the process of diverting flow from the old plant to the new plant. We plan for having the flow diverted to the new plant by calendar year end and by calendar year end the next year, have diverted some of the flow that's currently going to Lower Berkeley up to this new Central Berkeley Plant. Doing that flow diversion from Lower to Central will give us a little more capacity in both locations, as well as, in our collection system. Again, we've got College Park Road shown on the sewer side. The relocation of the sewer on College Park Road, that sewer was installed with some of Water and Sanitation's first sewer. It's large diameter out there right now laying relatively flat with a pipe material that's no longer supported and it's gonna be under the new widened roadway. All of that being said, we're essentially having to lay new pipe down that entire stretch that's being widened. Thanks to the help of Frank Carson and the fact that the County is basically funding this project with the one cent sales tax. We've been working with DOT now for over a year. We've been looking at a hydraulic design as they were designing over the storm water pipes consistently all the way through and doing constant revisions; staying as close to up-to-date with them as we can. We're presenting final design drawings next week to all permitting agencies. The Chief in the Army of the DOT found an error in their hydraulics and hopefully their error doesn't lead to a redesign of our work. We'll know in about four weeks whether DOT's redesign is truly going to cost us a problem or not, but we've decided to move forward since we we're so close to completing the design. If we're lucky enough for it not to affect us, we're going to be a month ahead. If it does affect us it's just gonna have to fight our way through it and figure out what to do. (Slide 31 & 32) Here are the sewer projects. There's two projects I'll talk about to show how this RAMP model is depicting lines that we need to replace. First one is Pump Station 4, Force Main Replacement. Pump Station 4 originally was built as one of the first ten pump stations that Water and Sanitation owned and operated. In 94' four was rebuilt and moved slightly but the Force Main was kept. So, we've got a Force Main out there that's supporting a large portion of our sewer collection that's now 25 years old, 28 years old and we're having consistent failures on the line. Through the reporting and the detailed work orders that we have been keeping, we've confirmed that's a maintenance issue that's probably needing to go out there and get corrected. The next one is the FY13 sewer rehabilitation. In the past, when we were looking for gravity sewer segments that were leaking and letting rain water into the system, we were looking at flow data from our pump stations. Basically, if it rained and the flow of the pump station went up you need to look at the gravity feeding the pump station. Now, we're able to do that analysis as well as add our camera and video segment by segment. All of our work orders segment by segment. Every time we have to send out a Robert Truck to clear a root or some sort of blockage and from that information again, you will see asset numbers, line by line the ones we've identified and tagged. (Slide 33) Shifting over to Solid Waste, Closure Cells 1-4 this is where we're kind of pushing innovation a little bit further than others in the State are pushing it. We came to you and talked to you about the cap we were looking to close the landfill with, which is a non…it's a synthetic material. We're not going to have to put two foot of dirt on top of the landfill with synthetic material basically being held down with sand. We're not going to have to maintain mowing the grass and erosion control problems. The reason it's still up here and hasn't been completed is DOT likes it, they're supporting it, excuse me, DHEC likes it and is supporting it. They just haven't approved us to install this yet so, that's kind of where we are there. Colin is going to speak to you at the end of the presentation about some of the Green Energy stuff we have going. One of the projects going… looking at taking out a lot of the metals and plastics that are coming into the landfill now. That's about 20% of the waste that comes into the landfill. That 20% reduction being recycled versus buried is allowing us to push these two projects further into the future instead of having to fill them now. And finally, the Leachate Pump Station, last year there was a project called the pretreatment facility for the landfill. When we stated the Gas and Energy Project we were actually pumping old leachate out of the landfill so we could suck the gas out of the landfill. We found out by doing that that we were pumping very strong leachate that would lead to corrosion and deterioration of our sewer collection and pump stations downstream. So, we started looking at the pretreatment project. As with anything, as life goes on and you learn more and more you found out that it was just little perched water tables inside the landfill that strong. So, we've redesigned from a $1.2 million dollar pretreatment program to a $250,000 pump station that gives us the same control as the leachate bleeding, same measurement capabilities. It won't do pretreatment, but once again we feel that leachate is coming out of it now we can treat for the sewer system a lot better than we can pre-treat it. And with that, I'll let Colin speak to some of our issues and challenges."

Mr. Colin Martin: "This is where it gets a little complicated, but these are tough issues that we're looking at. I don't expect everybody…I don't expect light bulbs to be going on, but I do want to have your appreciation with this. The gravity of the situation our folks will be under. (Slide 35) First one is the funding of solid waste heavy equipment that's evolved into an enormous problem and as you can imagine tonnage has dropped, revenues dropped, and equipment wearing out at this time. Also, on the frontend of future capital project that's the one we started with last year and that's where that Grandfather comes out. (Slide 36) The first, talking about solid waste heavy equipment, most of the equipment is old and worn out. We've see declining revenues over the last few years. We haven't come to you for a rate increase so we've been skimping all along and it's starting to show its wear. With that being worn out, the maintenance faster down in the downtime, I mean, both of those are up and we're getting…we're going to have to spend a half a million dollars on maintaining equipment this year, this that and heavy equipment. We do have a multiyear replacement plan but we need to start and we need to start pretty strong. And this is the part that's hard for me to swallow; we need to take $300,000 from the Solid Waste Fund balance and $300,000 from its Renovation & Replacement Fund. The fund balance as you know, your policy for us is to keep it between 50% and 75%. After taking the $300,000 it reduces it down to 67%-64%. So, we're still well within that policy. But, I don't like to use Fund Balance to balance and I don't like to use R&R for anything but fixed assets not rolling stock; that was the only answer, that we did split the baby and make it work. (Slide 37) Here's the equipment that we are wanting to get rid of. 1999 and 2002, that equipment right there. It's all used in a very tough environment, so it wears out pretty quickly. We believe that we (inaudible) $290,000 in salvage. We've been pretty good at estimating salvage value; dealing with the auctioneers all the time. So, there's eight pieces of equipment going with that money and with the money, the salvage money, with the $200,000-$300,000 increments; plus, the $430,000 that we're bringing out of the appropriated budget get you to the $1,320,000 and that's what we hope to buy is the $1,320,000, five pieces to replace eight. You can say well, we got too much equipment anyway. Not really when you look at the downtime and also, we don't want to buy new equipment that's gonna support a future that's not there. For instance, we don't need wood moving equipment bought now, because when McGill's is up and running in a couple of years, he's gonna handle it all. So, why would we buy a new one? So, that's why you see the five to eight change and again, the sources are, budget out of the Solid Waste User Fee, $430,000; $290,000 from Salvage and then split the Fund Balance from R&R, $300,000 each. When I talked to earlier about, it looks like we are actually plus up our revenue by 2%, but it's really a minus 1%, this is why because we're strong on 2% when we count all of this as revenue. This is paying ourselves. This isn't traditional revenue sources, so if this counting rose, you find out that our revenue is expected, just very flat. This is going to be a flat year. So, instead of two, it's one when I take out these nontraditional revenue sources, with us paying ourselves to make this work. The future doesn't look a whole lot brighter for the next 3 years, depending again on the changing landscape of bio energy. (Slide 39) You see, next year we'll be looking at a $1.6 million dollar replacement bill and just a little over $1 million dollar bill in FY14-15 and in time we've got to figure out other ways to be able to pay for this. Future funding Capital Projects, we've talked about moving into asset management program last year. Because we now have the software, we have the computers and we do some of the things that Michael said about itemizing your assets. Your linier assets and your vertical assets and you're testing and looking and logging the number of trips out to these different asset numbers. We're able to bring in a true asset management prediction program. The ones he's about to show you is enormously complex, it goes out 100 years. I know that my crystal ball has cataracts out about beyond about 20. So, but we'll talk about how you adjust and play that. (Slide 41) This is the exact slide I showed you last year. This is where we talked about we had to break the cycle of borrow and spend philosophy and we had to move up to that final rung on the maintenance ladder. We were able to do that because of this new equipment getting our assets all lined up, assign the condition codes and criticality codes to every asset and one pipe length by the way, is an asset. So, that tells you how many we've got. I think there's 44,000 lines in this program and we had to come up with R&R fund to move us up the ladder. The time now to begin and we'll enforce this, over this 2012. You've allowed us to take what little surplus we had last year into it and then take 75% of the impact fees and put into it. Now, we want all of the impact fees to go into it because that's what impact fees are for. We charged these people because they're impacting our system and we have to pay for growth. We have to pay for modernization; we have to pay for liability. (Slide 42) In the past, remember back in 06-07, those big spikes over here. They were using the fee a variable cost, I mean variable revenue for fixed costs and that just doesn't work. All in all, it doesn't work. So, we got to wean ourselves off of O&M and get it into a long range asset management program. I also showed you this as an example of in and out of the borrow and spend mode. 2003 we're borrow money, we spend it. Comes along in 2006, 5 we're spending it. If we don't break the cycle, we're going to go back to the bank. We have a 44% debt load now. 44% of the sewer bills that come in, the water bills that come in go to pay a debt. If I got to go back to the bank out here, we're just going to up to 50 cents, 60 cents, we've got to break the cycle and we have a way to do that. (Slide 43) We talked about, we're right here at predicting rate, we're through all these. We've been operating here for a good while. We need to be a reliability centered maintenance and we can do that with some of the methods that Mike had described. Identification of problem assets, use of cameras to investigate, logging the number, the computers logging the number of work orders to those areas and Steve will show you how to…maybe even get up on that top. (Slide 44) Wanna jump back to the R&R funding, I don't want to confuse you with acronyms. But, this is the fund. R&R is funding. Replacement and Renovation. We budgeted and there's the difference between the budgets. The difference over here. As it turns out, the total actual flow last year, this is how much we expect to collect, or this year, excuse me and next year there's a difference here and that's because we've got to spend some on our money this year. This shows project expenses from R&R is right there. But, it breaks down to budgeted $1.3 million R&R to go into the fund but we've had to use some R&R to make that CIP program work so, we really come out collecting less at 90% then 75%. We were going to try to….we did do 75% this year. We're trying to get to 100% impact included before we backed off to 90% but we'll still be collecting. We'll have less in the bank account. Less in FY13, in the R&R that we had again this year. So, we're kind of spinning our wheels. We're throwing chump change at it and we're trying to keep it going because it's very important what we do now for our future. Steve will now demonstrate that."

Councilman Schurlknight: "Colin?"

Mr. Colin Martin: "Yes, sir?"

Councilman Schurlknight: "Just fees on right there, to reach our goal on this is to wean ourselves off of impact fees and just try to do the best we can. But, sometimes we have to use some of them."

Mr. Colin Martin: “No, our impact fees are a solid collection revenue. We just want to use those fees to service our infrastructure because that’s what they were there for. Someone pays it because their impacting the system. We want to take that money and mitigate the impact of the system. Before, we were using it for paper and pencils and paperclips.”

Councilman Schurlknight: “Ok.”

Mr. Colin Martin: “We want to get it to we’re in the right target is, for special asset management. But first, we have to identify the requirements. What’s out there that we need to do and we’ll take a look at that soon? We chose to do this model that you’re about to see. (Slide 46) RAMP by the way stands for Resilient Asset Management Planning Model. Now, we hope to RAMP up with that tool to a sustainable asset management program and a self sustaining utility. (Slide 47) We chose to do it in-house. I thought that we had the talent. We could have gone outside and could have got done faster, but we know our problems best. We know our equipment best. We’ve got all levels of management involved, so not only did you get better ideas, you got buy in to the program and I think it’s worked out well. It’s taken perhaps a little longer but I think we have a better products. It looks at requirements only it doesn’t look at how you’re going to pay for things and you’ll see that. It’ll identify how much you need to pay. We have another model going right now with Utility Advisors Network. They’re looking at Steve’s Model and how to pay for it. They’re right in the middle of it. So, I would expect another month. We brought Daryll Parker up from that organization up from Florida and Bryan down from Kentucky. They were both coming here anyway so, we didn’t have to pay for their travel, to look hard over a couple of hours. It was about a 2 ½ to 3 hour brief for these guys to look at this model and they had some suggestions, some good ones. They represented a little bit of the political poles that you all are certainly aware of and sensitive too and that helped bring us apt a little bit on some of those things. But, you’ll see what we’re talking about here in a minute. Daryll did say that if we can get, find a way to fund this, that this model alone puts us in the top 10% of the Utilities in the United States, to do this and that’s his job to go to a lot of different ones. So, I’m pretty pleased with the way this works. But, it is enormously complicated. Go ahead Steve.”

Mr. Steve Hively: “I apologize. I’m going to stay back here with the computer because most of my presentation I (inaudible).(Slide 48) I want to talk to you and put this model in perspective by comparing a national perspective on utility age to Berkeley County and then I’ll talk about what the model does and the things that are in the model and that are not in the model. (Slide 49) AWWA Reports is called “Buried No Longer.” Basically it was supposedly a wakeup call to the country saying, you know, we’ve been talking about our infrastructure failing and we’re there. There were several inclusions that came out of this report. One was, that water infrastructure was critical for our life. Well we’ve known that for 100 years, but I guess they had to say it. They also said that we are not approaching the era of replacement. We era of replacement and when you add it to sewer lines, they say that’s a 3.4 trillion dollar issue over the next 25 years. They’re also predicting that the cost of service, the cost of water and sewer service is going to go up from two to five times over the next 25 years. I want to talk a little bit about better news. (Slide 50) These two graphs, the top one, the dark blue one, is the northeast. It’s basically showing the age of utility lines in the northeast part of the United States. The green line is the southeast. All this really says, it's very simple, is they got started before we did so, they're pipes are older. So, they're going to wear out a little bit sooner. But, now we have the best news or the better news. (Slide 51) And that is the red line, this is Berkeley County. Now, we don't really have anything that we can reliably say that was built before 1950. Now, there may be some things down in Hanahan and maybe some things in St Stephens, but for the most part, our utility is relatively new. So, when we compare to the National Average we can agree. (Slide 52) Water is very important. We are not in the era of replacement. The era of replacement is about 50 years out in front of us. So, we have time. Time is good because you can make small adjustments in order to solve big problems if you have enough time. That said, we have $285 million dollars worth of needed capital expenditures that's going to occur in the next 25 years. That's based on that assets that we currently have. But, we can also say is that the cost of our service can be kept affordable because we have time and because we have time to make smaller adjustments rather than be forced to make them. (Slide 53) This model is a flexible tool, and it's a tool. It's not something that tells us what to do. What this is, is a way of allowing us to plan different financing strategies or different ways that we can approach expenses that we can loudly believe that are going to occur. Now, very loudly believe that they are going to occur in the next five years, reasonably in the next ten years. When it gets out to a hundred years, it's a good idea. But, that's about all it is, is a good idea. So, you know we'll want to believe that the accuracy of this thing is accurate to 100 years. But, it has to carry it out that far because we would list water lines and sewer lines, that's how long they last. The model does put a cost on renovating, repairing, or replacing every asset that we have in the system. It tracks a fund balance based on our different scenarios to predict how much money we would have in the R&R account at any particular time and it includes debt in the calculation. The reason it does that is because 44% of our money is right now, paying for debt retirement. That's just a large amount, if you don't look at the debt in conjunction with the capital costs; you're only seeing half of the picture. So, you need to be able to see both sides of the picture. What's in the asset or in the model, just like I said, every fixed asset, every pipeline, every pumping station, every treatment plant, is included in this model in some way; either as a system or as an individual line segment. All of the current and the future debt that you would predict with any scenario that you're looking at, will be included in the model and every renovation and replacement project that would be required for everyone of these assets is included in the model. So, it's a complete look at what it's going to take over the next hundred years in order to be sustainable. (Slide 54) What's not in the model is our equipment. We have equipment replacement plans for that; the vehicles. We look at that separately. The existing bonds the ones, the 06 and the 03 bond. It could have been put in there, but if it went in, it would go in as a project cost and is a funds available, a net zero, and I just didn't do it because it wouldn't affect the bottom line on the plan. We can add that, but I have a feeling by the time we really get into this, all that money is going to be spent so that it isn't worth doing. The other thing that's not in here is our annual, is maintenance and operation costs. If you look at the two sides of the coin here, you're looking at the renovating replacing and expanding the assets and you're looking at the routine maintenance to keep the assets working and the operational costs of keeping those assets working. That part is in the budget, this part is in the plan. I'm going to switch now to the model itself and here we can have some fun. (Slide showing Program Screen) All that's in this thing is complex. It looks complex. But, I'm going to break it down into little bits and pieces for ya. Looking at this thing, if you look in this area right in here, this is where we have some tables for accumulating information to be able to make decisions from. This type of thing is also at other locations in the model. For example, places like this. We go to a different page in the model and you will see table after table of data information of cost estimates from projects, of financial curves, predicting cost indexes. All of that feeds back into this model. So, we have answered that part of the model itself. We have a little output graph here that shows when you make a change, what happens? That's just for looks. The meat of this model though is this part right here and it's two parts. The first part, is where every asset is listed. Just to give you a feel for it, I'm just going to pan down through this a little bit. That light, the blue and the light green are vertical assets. We get down into what are assets? And, sooner or later we'll get to waste water sewer lines. There we go, we got to the sewer lines and that goes on, just like Colin says, for about 44,000-45,000 line items."

Councilman Schurlknight: "Steve where does it get the information from? Does it interface with our system?"

Mr. Steve Hively: "Right now, this entered in an excel spreadsheet. We were going to put it into a database, but the information comes from GIS and that information is put in as a base and then there are formulas, that extract those tables and other information to do calculations and that's what's happening in here. My calculations being made in here to predict how much and renovations of that particular line item is going to be and what year it needs to happen."

Councilman Schurlknight: "So, it would automatically update on your new line extensions and stuff that you put or you change…"

Mr. Steve Hively: "When we analyzed this, they will automatically go into the system."

Councilman Schurlknight: "Also, with faults and stuff, it would make a record of that. So, that would key you to look at that. That might be an area that need to be replaced or?"

Mr. Steve Hively: "And there's two considerations in here. One is…that's a theoretical life of an asset. Theoretical life is generally for a pipeline, let's say. You would expect a PVC pipe to last 80 years."

Councilman Schurlknight: "Right."

Mr. Steve Hively: "So, (inaudible) has 80 years through it. That's the date you'd replace it. But, that ok 80 years from, but it also has another area where we put criticality and condition data in it. Where actually from physical observations and analysis we take years that we say: this line needs to be replaced now. Not when it said it might but, it's failing now. Or, we may get to that date when it says it's time to replace this line. We do a condition assessment and its fine, it could go another 10 years."

Councilman Schurlknight: "Right."

Mr. Steve Hively: "When it gets close, that pipe, that 5 -10 year period of time, condition assessment will rule over program and that's the way the model works. It's tied with to the CMMS, the city water system for the maintenance."

Councilman Schurlknight: "Now, this model, would it help us with our long range planning? Is this the main tool for us, for our long range planning?"

Mr. Steve Hively: "That's the part we're going to get too."

Councilman Schurlknight: "Ok."

Mr. Steve Hively: "I'll be glad to show you that. The second part of this model then is where we take answer from this line and it's plotted under the physical year all the way up. Some of these are reoccurring. For example, looking at the data it appears that there's going to be a major waste water treatment plant renovation about every 25 years and so, it occurs, every 25 years. It also takes a cost estimate from today and using the cost index formulas, predicts what that cost is gonna be 25 years from now. So, the same thing which you do now, 25 years later is going to cost more and that's because it's taking into account, inflation."

Councilman Schurlknight: "And it'll take those dollar figures and show into today's value where we need to be by time we get to that 25 years down the road so we'd be into position."

Mr. Steve Hively: "Yeah, it's kind of flexible though. I can put in a day that a cost estimate was made. It doesn't matter what date it is and then when it picks the year it's gonna do it, it automatically calculates what that's gonna be, based on the year that I said we did the cost estimate."

Councilman Schurlknight: "Right."

Mr. Steve Hively: "So, sometimes a lot of these are 2010 estimates because I got all the pipe data back in the 2010 dollars, but it could be 2014, 2008, whatever we happen to have available for this."

Councilman S. Davis: "I got a question. When is the projected date that the 44% of our debt obligation will be zero?"

Mr. Steve Hively: "Through?"

Councilman S. Davis: "Yes."

Mr. Steve Hively: "FY30 and I will show you that graphically in just a little while."

Councilman S. Davis: "And what percentage goes down every year during that period of time?"

Mr. Steve Hively: “I’m sorry, I lost that?”

Councilman S. Davis: “What percentage of decrease happens every year until you get…?”

Mr. Steve Hively: “Johnette might help me there. It doesn’t look that much.”

Ms. Johnette Connelly: “It’s not.”

Mr. Steve Hively: “Because we normalized our bonds so that we more or less pay the same amount every year.”

Ms. Johnette Connelly: “It’s starting, we peaked this year and it’ll start going down a little each year, but not drastically.”

Mr. Steve Hively: “It’s just a little though.”

Ms. Johnette Connelly: “Yes.”

Councilman S. Davis: “So, we’re stuck with this 44% for the next?”

Ms. Johnette Connelly: “That is correct. Its…it’ll go down a little but not a lot.”

Mr. Steve Hively: “And I have a graph that will show you that in more detail in a little bit. Anyway the information that rolls up into this section of data where its accumulation. One of the things I want to do now is increase the graph, the size of this, just a little bit. My focus on this part of the model itself right now, this is where the action is, where we can actually accomplish some things. There it is…well, unfortunately, let’s see if I can flip that one (inaudible). Alright, we have a section in here where we can add bonds; at any date that we want to go into the system. We have a section in here we can change the rate that we’re applying funds to the model and we have a starting point right here. (Inaudible) a one proposal, this is just the or rather a, one scenario. It starts out by assuming that we have a fund balance of $15 billion and we can talk about that a little bit later and every year we add $20 million to start our system. I’ve already looked at this and realized that because of a waste water treatment plant expansion DHEC is probably going to require us in about 12-15 years, that we need a bond of about $60 million dollars, out around, 2025. When I do that, this is the result. The red are these bonds, Mr. Davis, this is the costs. Notice FY30 it sort of makes a big drop down and you can see they’re relatively flat until our borrow of $60 million dollars right here in FY26. The green are the capital projects that the model is showing us that we’re going to have to pay for. The blue line is the fund balance. So, you know this under the scenario that I gave you. The fund balance drops to zero in FY20, rebuilds then drops down to zero again in FY31, after FY31 it starts going quickly up. The reason is, FY30 is the last year we’re paying for existing bond. So the only thing that we have after that is the $60 million dollar bond. So this scenario works. To see what that looks like for a 100 years you can see that, it keeps building, and then it builds to $400 million dollars at around

FY50 FY55. But, that's also the time when all these sewer lines and water lines that we have start wearing out and so we find then that it starts dropping like a rock after that and then you can see it waivers a little bit. It zeros out. So, that scenario theoretically, we borrow $60 million dollars at one time and we never borrow anything again, if we're able to maintain that $20 million dollars. That may or may not be what is in the best interest of our rate payers. It's a scenario. It's just one way of looking at it."

Councilman S. Davis: "So, what's our total bond obligation right now, outstanding?"

Mr. Steve Hively: "Total bond…well let's say I know the debt. I can tell you that the interest that we owe on our total, on the existing is $89 million dollars. But that doesn't count…"

Mr. Colin Martin: "It's running about $16.3 right now."

Mr. Steve Hively: "Yeah, a year."

Councilman Schurlknight: "Annual?"

Mr. Steve Hively: "Yeah, per year."

Councilman S. Davis: "$16 million dollars a year?"

Mr. Steve Hively: "Yes sir, that's about right."

Ms. Johnette Connelly: "$16.3 this year, I believe. That's about right though."

Mr. Colin Martin: "Please keep in mind that when he's talking about $20 million dollars, he's counting the $16.3, because it's doing exactly what the R&R fund is supposed to do. With those bond (inaudible). We are renovating. We are replacing. So…we really have to make up the $20 million to get into the scenario that we talked about. We've been throwing some change at it each, for the last two years. But, it's shown to me what it does if we decide to go $18 million."

Mr. Steve Hively: "If you want to look at it differently, you want to say ok, $20 million we really want to go a different route…I just changed the amount of money that we're putting in from $20 million dollars to $8 million dollars and this is what happens to the model. The model knows the road where that black line is and because we're not putting in enough money in the bank in order to take care of the project that we have looking at us. So, we go back and take a look at it and say ok FY20, I need to put about $20 million dollars. I need to borrow $20 million dollars more on that."

Councilman S. Davis: "Are you putting these funds on the side so you don't have to borrow anymore money?"

Mr. Steve Hively: "Well, that was the first scenario when DHEC requires us to expand the Lower Berkeley Waste Water Treatment Plant, it's too close. We'll never be able to accumulate enough money to be able to pay for that. So, I know I'll have to borrow money, when and if, they make us do that. But, what I'm looking at now is a different way and that is that we go into more of borrow and then a cycle, that carries us out to 2026 then it starts going negative again. So, you'll go back to the model and this will show you how the thing works and we change that $60 million to $100 million and now it's looking a little better. It went negative at 31 and at 36. But, for the most part it's pretty much staying in line. If you'll notice, I had 20 years on that particular note. If I change that to 40…."

Councilman S. Davis: "So, even though, it's going to automatically be expanded, extended? Even though it's gonna be…"

Supervisor D. Davis: "Well, not automatic, you'd have to buy them that way."

Mr. Steve Hively: "You can borrow money, the interest rate and the terms negotiable. That's the best way of saying that. But, if you borrow the money for 40 years instead of 20 years, now we have a positive situation so, this is another way of doing it."

Councilman S. Davis: "So, this whole operation would always have to be funded by bond money?"

Mr. Steve Hively: "If the Department of Health tells us we have to remove nitrogen and phosphorus…"

Councilman S. Davis: "I understand that part."

Mr. Steve Hively: "We're going to have to borrow money to do it."

Councilman S. Davis: "I understand that part, but I'm saying, you never…it's always going to have to require bond money."

Mr. Steve Hively: "That's probably going to be a combination of borrowing money and saving money, is probably what's in the best interest."

Mr. Colin Martin: "Go back to your 100 years."

Mr. Steve Hively: "Ok. Let me show you what happens with that, with the 100 years. Ok, go ahead."

Mr. Colin Martin: "With his latest combination, can you go back to your original grades?"

Mr. Steve Hively: "Original version?"

Mr. Colin Martin: "And I want to take off on Steve's question. We're trying to show a model for planning again, and it's very helpful. But, we're also trying to show you how sensitive things that we do starting now are in that model in some of the assumptions. When we met with those gentleman, Bryan Nurick and Daryll Parker separately, there's was two different times; demonstrated this model. So, with the sensitivities are starting at $20 million dollar contribution and keeping it when your debt goes away, the $20 million dollars. Here's what they say, they said you're gonna need a balance between borrowed money and saved money because if you just borrow and it passed this 2026 issue that Steve has been talking about. How politically acceptable is it for you to have $450 million dollars in the bank, so you can fund these things here and bring it back down? They thought that, that would upset people. Probably not acceptable to most political jurisdictions, the public knowing you had that much in the bank. Just couldn't get past the fact that you need it, with all the green lines. I mean, this works fine. You don't borrow money (inaudible) accumulated funds. My goal, when I set out last year, I don't want to go back to the bank again. This requirement right here, you can't get to fund that fast enough, because we don't have the resources and it would be a huge demand on our (inaudible). So, we put in the one borrowing plan then…. But, they ask us to look at and start gauging this periodic borrowing and you know, keeping the payments fairly level and also saving money; kind of a balanced approach."

Mr. Steve Hively: "And you have to, because if you start looking at this 100 years and you say, ok, we're gonna do it, we're not going to increase our rate above the $18 million and we're going to borrow incrementally what happens to the model is, at only $18 million going in to pay for debt and capital. You get to the point where your annual debt requirement is greater than $18 million and you never catch up. So, you're going to have to increase the amount of money that you're putting into the fund if you borrow money, just to make the debt payments."

Mr. Colin Martin: "(inaudible) once from Charlotte Gazelle who runs the Summerville CPW. I said, how much debt you got out there and you said, well how much you got in the bank and he said $510 million and that's to run his operation. But he'd gone through this transition years ago. He's got a very a dense system see? That's a lot more efficient than (inaudible) but, he'd gotten to that point. Your constituents know you've got a bank account of $110 million dollars? And he said probably but, he had to have to keep the assets from (inaudible) and that's exactly what we'd need to do but, because our systems are different we'd have to climb up there pretty close to $400,000 dollars."

Councilman S. Davis: "(Inaudible) when you climb up there. That'd be (inaudible)."

Mr. Colin Martin: "Well, we'll be looking down on it."

(Several talking)

Mr. Colin Martin: "A lot of things are gonna change. This is what the model says now, every year we're gonna update that model with reality and it's gonna give us a little different answer. So, every year we're gonna get closer and closer for the next 5 years, the next 10 years."

Mr. Steve Hively: "And every time Council makes a decision and you go in one direction or another, we have to readjust the model to figure out, ok, now what we wanna do next? And that's what the model is for, is once you make a decision, you can see that outcome of that decision and then you'll have the (inaudible)…the information (inaudible)"

Councilman Schurlknight: "So, the bottom line, that'll give us a tool for long range planning for finances, capital improvements and how to pay for those capital improvements as we go online here?"

Mr. Steve Hively: "Yeah, that's the purpose…and the next part of the model is to tie us into a rate study which can predict what that would do to rates if make a decision to go this way or some other way. That's the next step."

Mr. Colin Martin: "And that's what's being worked on right now. Our job tonight, is to just basically show you that…"

Councilman S. Davis: "Right."

Mr. Colin Martin: "A tool of how it works."

Councilman Schurlknight: "So, this is pretty much a go."

Mr. Colin Martin: "Not to give you answers tonight."

Councilman Schurlknight: "Right, this pretty much would go hand and hand with your work plan and that's your improvements that you need, your upgrades."

Mr. Steve Hively: "Absolutely, condition assessment is a way to get to sustainable maintenance."

Councilman Schurlknight: "Right."

Councilman S. Davis: "So you can take this model and plug it into a 50 year plan though, right?"

Mr. Steve Hively: "Well, as I said, I look at it over the length of the asset. But, we studied the part differently, in different places. We look at this first 20 years, 10 years, 4 years, 25 years differently than we look at the whole big picture."

Councilman S. Davis: "I understand that."

Mr. Steve Hively: "Look at the whole big picture and see, ok, if we keep on doing it that way. What happens?"

Councilman Schurlknight: "Right."

Mr. Steve Hively: “But, it’s more important to focus on that next 5, 10, 15-20 years. That’s where our obligation is.”

Councilman S. Davis: “Yeah, that’s what I’m thinking because the grade’s not going to change for the next…that’s a long period of time.”

Mr. Steve Hively: “And our goal is to try and get through this period of time where we’re so much of our revenue is being used for interest and principal.”

Councilman S. Davis: “That’s what I’m concerned about and that’s the debt issue they’ve got in Washington, DC.”

Mr. Steve Hively: “Any other questions?”

Councilman Schurlknight: “Steve, can I get a copy of that?”

Mr. Steve Hively: “The spreadsheet?”

Councilman Schurlknight: “Yeah, just something to look at.”

Mr. Steve Hively: “I’ll tell you what I can do.”

Councilman Schurlknight: “In a few days (inaudible)”

Mr. Steve Hively: “I have my thumb drive; I can do that, if you go...”

Councilman Schurlknight: “Ok, I’ll stop by and get it from you.”

Mr. Steve Hively: “I’ll be glad to give them out of my thumb drive.”

Mr. Micah Miley: “Jack, I full recommend you sit down and look at it.”

Councilman Schurlknight: “Right.”

Mr. Micah Miley: “Because it’s, I’ve played in it.”

Councilman Schurlknight: “Right.”

Mr. Micah Miley: “For a while and you can get lost quickly in it with the amount of data that’s in there.”

Mr. Colin Martin: “Ok, we’ll wrap this up, but I do want to finish with maybe on a little less complex note. More back to my levels. Steve is a long time professional engineer and I’m a long time English major for a reason. (Slide 55) Well, I talked about us being a continuous improvement organization and I want to show you some of the accomplishments that we had this year. (Slide 56) We really got the new digesters at the Lower Berkeley Waste Water Treatment Plant well tuned. We're getting, we're using less of electricity and that saves money. I pay just about identical amounts, about ½ million dollars, Berkeley Co-op and ½ million dollars to Santee Cooper, or not Santee Cooper but SCANA, SCE&G every year. It's a big ticket item in our budget so, whenever we can do this, that's good and we're doing a lot better sludge processing because of that. You know, we've paraded them before you, the (inaudible) and through our Apprentice Program became state exam, or they passed the state exam for their next level of certification. We talked about Flex Net, I was corrected today. It's not fully deployed. We have the two projects yet to put out there, we're saving it back for a specific reason. We've got our risk management awards, I look back and I'm kind of pleased with this. We started five years ago with what I call a grow-your-own and it goes back to employees. But, I couldn't be more proud of how this is, how this has worked. We want to train our employees. We want to motivate our employees to show that they can move up in the organization. Since, in the five years, we've had 25 very successful, smart people, move up to fill a vacancy at a higher level and that's what we're trying to do. Get a culture of growing of your own. Because then, people are more motivated, those people that have moved up are more loyal to the company. You've got more buy-in. They're more into contributing good ideas. But that's a culture, it takes years to develop but I think it's gone pretty well. (Slide 57) Next is the Odor Control Program. We're much more responsive now when we've detected odor issues. We've been able to respond and we've done it a number of places, I've actually got letters and comments and compliments. You know, I meet them and I say I'm the one that created your odor problem and the Minister at the Northwoods Church said, No, you're the one who came quickly and took care of it. So, we're putting a lot and this is an expensive program but this is where we meet the public. Now, I don't (inaudible). We have done a lot of pump station work this year as we had planned. (Slide 58) They have spent a lot of time implementing the Cogsdale Finance, this is the Cogsdale and Great Plains Finance Department goes live in July in the HR. This April, we're on now, that system with payroll is working good and our billing department was planning to be last, but they're going to go live in this fall and that'll be it. We'll be totally live. It takes a lot of time. It takes a lot of training to realize the potential of that software. It's working well. Ed and his group have looked back and found 48 delinquent financing agreements and he's cleaned all those up nicely. Also, in working with the South Carolina Insurance Reserve Fund, I've reclassified equipments and so we're able to save about $50,000 a year and that again was Ed Rogers. Solid Waste Department and Mark in particular, got us all (inaudible) municipalities and curb-side recycling. It looks like they're all gonna go with it. (Slide 59) I told you I wanted to expand our HR programs, more visible and available. We have done that and I think if we can get that Assistant Position in full-time, that will help. We've done a lot of work in our lines. You can see how much large water pipe we've laid. We do a lot of cross-training here with our sewer guys in the water department and we hooked up 663 new customers. We're trying to improve our image that we're doing a better job of taking care of the appearance of our stations. (Slide 60) Effective utility management is a concept that I've picked up over the last couple of years. It's a national concept that came out about 3 years ago. They put some really powerful stakeholders, national experts, together in a room and said: How should you manage a water and utility? And they came up with ten attributes and five keys to management success. We've reviewed it. It's outlined in this primer that we are handing you a copy of. But, I'll show you the center of it. Our intentions is to use this concept to frame our continuous improvement initiative and do our strategic planning.

Here are the attributes. These are the areas that, this group said you need to measure yourself against and see how you're doing in these ten areas. These are the ten best measurable areas to see how you're doing. It also made the point that too many utilities only look at operational optimization and financial liability. If all that works, what do you need the rest of this for? (Slide 61) Now this is for continuous sustaining organizations and here's what they're saying are the keys to make that work. This takes involvement of everybody in the organization and it'll probably take a year to get up and going. But, we want to do a gap analysis here. We already have, with just the Directors, we said: How important is this attribute to us and how do you think we're doing in it now? Then the next gap and then that rates things. These are your priorities. The next is you do a gap analysis. In my customer service, here's where I am in providing customer service. Here's where I want to be and we come to a decision on this is where we want to be. Then you look at the gap and you make steps to get, to fill the gap. That's where the strategic planning would come in. These would be the stakes in our strategic plan. It's in our book. Take a look at it, I think you'll appreciate the work that went into it and that's just the primer. There's a lot more to it that we're shifting focus slightly and we're gonna be reframing our strategic plan. (Slide 62) I wanna give you an update on our BioEnergy business. I'll get to McGill last. BioEnergy Technologies is under construction (inaudible) anaerobic digest for (inaudible). The Bio-Diesel people, they had signed their agreement, but they can be up and running in a couple of months, once they get the nod from DHEC and they'll be taking the fats, oils and greases. I don't think we will see August or September getting fats, oils and greases into our Waste Water Treatment Plant which will be a great day. I want to talk about Rational Energies. You haven't heard about them. I will come in and brief you. We put an RFP out for the removal for metals and plastics. We think they are the only ones that can do it. They heard about, they actually came and they told me, we heard about the interesting things you're doing down here and we wanna see if we fit in. What they do is they build a large dumping pad where every bit of residential waste comes and gets dumped. They have very sophisticated and patented machinery that brings this up a conveyor. They do have some…they have hand pickers for sorting out some of the trash. But, then this equipment takes out the plastic with big…because of its specific gravity, mostly plastic bags. It sucks it up and separates that. Then they've got magnets and so on, to take the metal and the (inaudible). What they will do is they'll take the metal and simply sell that as a resale, as a recycling because there is a value to it, to help fund their operation. But more importantly, they take these plastics, and they have a conversion process that takes plastic back to petroleum. That's where plastic comes from chemically. So, then they sell that as a fuel oil. They've got one plant being built in Sarasota. A plant just came online in Minnesota. I'm waiting for them to tell me how it's running. But, all they do is they say, we wanna borrow your trash for an hour. They separate it out and here's your trash back. Well, the trash has still got to get to the hill. We've got a spot for them down below the hill to do this. So, the advantages to us are really significant. The haulers will love. All they do is come in flat. They don't have to go up the slippery slope of that hill and dumps their trash spin right around, save gas and get back down the hill. There probably won't be any (inaudible) stockpile. That's an advantage. They'll either pay us to take the trash then up to the hill, with our off road dump trucks or they'll do it themselves. Either way, you have the same people taking trash up there all the time. That's safer. You get use to working with each other. It's more efficient. You don't have the guy that they just hired this morning trying to get his collection truck up there. So, there's a real safety factor there. Of course, the neat thing about this is metals and plastics don't come back. So, we don't want it. You need something come back so you save the airspace at your landfill. By the way, metal and plastic don't make any potential gas for us. That represents 20% of household waste right there, 20%. So, you will be saving airspace for that reason and it will better compacted and our gas will be more concentrated. So, it may be just us; risk neutral, revenue central, essentially. You'll see a demonstration in this later if we propose, get to the point of proposing a long range plan."

Councilman S. Davis: "Do you foresee recycling aspect getting closer to home? I mean the household, our responsibility on that, separating metals and plastics that come out of the household?"

Mr. Colin Martin: "Yes, sir. You bring up a really interesting point. Right now, what are we teaching our children and what are we sensitizing people to? Take your plastics out. Take your glass out. We're getting to a point where we need to leap frog that whole effort because we can make beneficial use out of it by just bringing it in here and separating it. Now, America is getting trained, you got to separate it. We really don't want them to separate it. In a few years, we'll just want them to keep it together and we'll separate it. See what I mean? And it's actually works better that way. In the process, he actually separates the paper. It just the way this process works. He combines it all later. But, he separates the paper. So, I think anaerobic digester guy and composter guy would love to have that cardboard and stuff, to mix with theirs. So, there's a synergy here. His waste streams back to the mountain, back to the landfill hill to go to one of our other (inaudible). So, we can kind of put that together too. The thing that really brings this all together and takes care of five waste stream and none, no waste products themselves and their working through financing like he told me in an email last week. We're making progress and he's excited about some of the things I've been telling him. Now, McGill, McGill is our…one of our favorite guys but, after 6 weeks of not hearing and sending back a signed agreement that Mr. Davis had already signed, I called him up and said: Hey look, what's going on? Did it get lost in the mail? Immediately, he sends me back an entirely changed document. Well, what happened is he hadn't brought his lawyers in early so, he had done all the negotiating. Lawyers didn't know that he'd already done a final document. They thought we we're just trying to shove it down their throat with a signed document. He didn't tell them that. More importantly, his finance people looked at it and said, we can't loan you money with this agreement. So, we're going to strengthen it up a little. The lawyers, our lawyers and his lawyers, have got rid of all the dust and the lawyerees, and got that part…the financing part off, I'll need to come….It's a significant enough of a change where it will need to come back to you all and explain. I think we can get through it. It's all about possible. It's what we will do in an event, it very, very, very, (inaudible). So, I feel comfortable now and so we should be back to you soon. They have had revised agreement, we've traded back and forth; so, by the end of this week or next week so I'll be coming back to show you that later on. That's it. I know that you feel like you've just sat down right?"

Councilman S. Davis: "I don't know about that. I'd hate to tell that lie."

Supervisor D. Davis: "Big class."

Ms. Johnette Connelly: “Like you’ve been schooled a little bit.”

Supervisor D. Davis: “We take a quick break, if ya’ll want to go ahead and I think our, Kace’s presentation won’t be quite as lengthy. You want to do that and stay and get them both done?”

(Several agreed)

Supervisor D. Davis: “Alright, you want a little short break?”

(Several agreed)

Supervisor D. Davis: “Ok, let’s take a short break and a…”

The section of the Special Workshop on Water and Sanitation ended at 7:40 p.m.

BERKELEY COUNTY BUDGET

The section of the Special Workshop on Berkeley County Budget began at 7:40 p.m.

Ms. Kace Smith: “County Council I am please to present to you tonight the 2012 Recommended Budget. The current status of our finances, we’ve also done projection of 6/30/12. We’re going to look at 13 and talk about some issues, challenges; some of the financial overview. We’re going to look at the Public Officials and also the Capital Improvement Fund. (Slide 4) Here is the General Fund and the first column, the second column, is the original budget. That’s what you all approved last year and the third column is the year to date. These are the April figures and you can see that overall, we have collected about 85% revenue. But, you’ve got to remember, we’re not going to collect many more taxes through June 30th. So, we’ve collected about all of those and you can see we haven’t quite hit what we needed to do. We’ll look into that a little bit further in a few minutes. And, I just wanted to let everyone know that you do have a copy of this presentation in front of you so, you can certainly follow that. Before you leave tonight, we have a very detailed budget book for you. Water and Sanitation has a very detailed budget book for you as well so, that lists all of these things and line items and it’s got all the information. For tonight, what I’m doing now is just an overview. Here are expenditures through April 30, 2012. You can see we’ve got about 79%, right here. We’ve finished with our debt service and this is the original budget. (Slide 5) Just to touch on this Capital, remember you all approved some dollars for the Sheriff’s Department to get $300,000 worth of Deputy vehicles and so that’s where this expenditure came from. In addition to that, we also have our Elected Officials who some of those have carryover funds and they may have used those for Capital Expenditures. (Slide 6) So, overall at April 30th it looks like we’re in good shape. We’ve got $3 million dollars. Now remember, I’ve talked about, we’ve got taxes. But, we’re not going to collect many more taxes this year but, we’ve got expenditures through the end of June. So, now we’re going to go into our projections. Oh, now we’re going to go into the Cypress Gardens and just look at Cypress Gardens at April 30th. (Slide 7) Cypress Gardens as you can see, our facilities rental has done very well this year so far. We’re at 105%. We’re real pleased with that, you know we've had the renovations of Dean Hall. We've had the Heritage Room. We've done some enhancements out there and you can see it's really appears to be paying off or getting a lot of attention from the outside. We certainly have seen a decrease in the educational program. That's understandable with the decrease in funding, that the state, that the schools have had. And our operational budget, our expenditures are at 80%. (Slide 8) Looking at our 911 funds, this is an item of concern is we haven't received our 911 system charges. Now what's interesting, is a lot of folks who traditionally had landlines in their homes are going now to cell phones and they're not having that. Well, this is the impact of that. We're not getting as many revenues. We do get revenues from cell phones, but it's not as much as what you do get on a landline. Our Communication's Manager and Director is certainly aware of that and I do believe there's some efforts that are looking into that and Chip is nodding his head because I'm sure he's involved with that, both on a state and a national level. This is not unique to Berkeley County. (Slide 10) And now we're going to look at projections in June 30, 2012. We do anticipate a shortfall in revenue of $1.9 million dollars. We've got a shortage in taxes that we're looking at, that half a million dollars. Some of that relates to Property Taxes. Most of that is in Delinquent Taxes. Our Fee In Lieu hasn't come in quite as estimated. Fines and Forfeitures, this includes EMS Fees. We've had a decrease in our collection of EMS and we are looking into that. We haven't had as much success with the collection for some reason and Finance is studying that. In addition to that, we've also had a decrease still in our Register of Deeds Revenue. We're not seeing that coming back yet. Licenses and Permits, includes our permitting revenues. We're just not seeing, we're just not busy yet. We're just not seeing the growth yet. And so, it looks like we're going to have about a $1.9 million dollar decrease in revenue. Remember on page, prior 2 we looked like we're going to have a surplus overall. Well, this is what happens now, when reality sets in. Looking at expenditures though, we do anticipate that we're going to have a surplus or not spend all that we thought we we're going to spend of about $1.4 million dollars. So, this is a good thing and will help offset that shortage in the revenues. (Slide 11) This is just a breakdown of our 6/30/12 projections by our Elected and Non-Elected, just to give you an idea of what those offices may spend during the year. (Slide 12) So, overall if we take all of that into consideration we are going to, we're looking at about a $227,000 dollar overage as far as, expenditures over revenue. (Slide 13) So, looks like we may be using some of our Fund Balance we're just decreasing Fund Balance overall. But, remember, these are projections and we're hoping that, that is flat by the end of the year. Anyone have any questions on this so far?"

Councilman Farley: "Back to that $383,828, that's the vehicles for the Sheriff's Department?"

Ms. Kace Smith: "This?"

Councilman Farley: "Yes."

Ms. Kace Smith: "Well, $300,000 is the Sheriff's Department. I believe the Clerk of Court and…"

Ms. Jennifer Hinson: "Register of Deeds."

Ms. Kace Smith: "Register of Deeds purchased some Capital. You'll be able to see this in detail in your budget book. (Slide 14) So, looking at Cypress Gardens overall, once again we predict that our facilities are going to continue to be rentable until the end of June so, we're looking at an overall variance of 1.1%, 1.01% percent, excuse me. And our expenditures will be at 98% of what we had budgeted so, this is a good thing. And therefore, remember in June 30, 2011 any excess revenues over our expenditures have gone back to repay what is owed to the General Fund so, that money will just go back to reduce that balance."

Councilman Farley: "That's the closest it's ever been."

Ms. Kace Smith: "Yes and we gave, I can't remember the exact amount, maybe $88 or $89,000 June 30, 2011. So, of course, we are anticipating additional funds going back. And our, I will tell you that our external Auditors are very pleased with this, that you all took action and did this."

Supervisor D. Davis: "They'll also continue to improve a little bit more because now we have the technology out there. We have the internet available. The smart board, all those…everything that you need to have seminars or any function out there so, that's all installed now and up and running."

Ms. Kace Smith: "(Slide 15) And here is the 911 fund. We do anticipate, of course they are going to have a shortage in revenue of $94,000. It looks like we're going to have some savings though and expenditures but, never the less, we are going to be using some of our carryover which we did anticipate using $53,000."

Councilman Farley: "The shortage is from people not paying the bill?"

Ms. Kace Smith: "No sir, it's just that because people have gone, have not, don't have as many landlines. We just don't have the revenue coming in anymore."

Councilman Farley: "Ok."

Ms. Kace Smith: "And that may not be improved until some other action is taken, either at the national level or the state level."

Councilman Farley: "Ok, thank you."

Councilman S. Davis: "So all of 911, that's the only source of funding for 911?"

Ms. Kace Smith: "Yes."

Councilman S. Davis: "And that's mandated from what authority to you?"

Ms. Kace Smith: "Chip, I don't know if it's a state or the federal regulations?"

Mr. Chip Boling: "It's State I think, that the 911 fund come to us is a State mandate. Now, like Kace said, this is nationwide. People are getting away from landlines because they're walking around with cell phones and you know it's happening everywhere. But, the catch is, what Kace's talking about when she said it's an effort at state and national level. There are professional organizations tied to E911 that are lobbying at both the state and national level to shore up those funds back from the cell phone companies and from…we actually get them from prepaid from cell phone companies and from the point. In other words, like Comcast or Knology or something to that effect."

Councilman S. Davis: "Directtv."

Mr. Chip Boling: "Well, right now we don't have a way to get any satellite stuff. But, that's certainly something that will happen theoretically, if all the pieces come into place."

Ms. Kace Smith: "And I would imagine Chip that Voice Over IP (VOIP) has certainly had an impact to this as well."

Mr. Chip Boling: "Yes, it has and again it goes back to putting the Legislation in place to ensure the dollars come in from those revenue funds."

Councilman S. Davis: "And no more tax increases? About time for me to exit, I got to go put my (inaudible) to bed. It's raining."

Ms. Kace Smith: "Well, we appreciate you being here Mr. Davis."

Councilman S. Davis: "Thank you."

Councilman Call: "(Inaudible) home phone, landline, or a cell phone?"

Ms. Kace Smith: "Right."

Mr. Chip Boling: "Yeah, what they're doing is they're just realizing that they're carrying a cell phone everywhere they go and they can do anything they want with it and so they're opted not to carry two phone bills. Use to be we only had one phone bill. It was a landline. Now, everybody is toting two cell, two phone bills or more and so they're opting to drop the other."

Ms. Kace Smith: "Ok, now let's move on to the 13 budget. (Slide 16) We've got a balanced budget and as Mr. Davis said prior to his departure this evening it does not require a millage rate increase. We have no furlough days in here. We do have an overall increase in revenues at 3%. We have also, partial year funding for the book mobile which is a new program at the library and we include the initial implementation of the Compensation Study which you can see is contingent on the partial restoration of the Local Government Fund. (Slide 17) We've had some challenges. The Local Government Fund as you all know has been somewhat stable the last several years and we continue to get a reduced funding. In addition to that, I want to make sure that Council is aware that the number or the amount that you see that the County gets,

gets reduced automatically prior to the payment coming into the County by the State Health and Human Services Department. So, we don't get everything that is as appears to be designated for Berkeley County. In addition to that, a portion of the funds that come in go to fund our Kennedy Center. So, we're really getting about 94% of our allocation. But, they mandate how we can use our money that they give us. So, I think it's kind of interesting. In addition to that we've had an increase in the costs of employee benefits. Our health insurance has gone up. Our tort liability has gone up. Our workers comp has gone up and the retirement rates have gone up. In addition to that, we've had economic factors. We certainly are not seeing folks beginning to build houses or other construction. Our permitting offices are not as busy as they used to be as I mentioned a few minutes ago. But, I will say that I'm starting to see the slightest bit of activity, positive activity, in our ROD office which may indicate that folks are purchasing pre-constructed items or you know, they're buying homes that are already constructed and available for purchase. And, we've had the new program, the book mobile. In this year's, in the 13, we have budgeted for that to go into existence in January. So, we have budgeted four part-time, no four positions, but only a half a year. So, budget half a year of four positions for the book mobile. (Slide 18) Looking at the 12-13 budget in comparison to the 11-12 you can see that ….oh; there is an increase, so I need to correct that… But, it's a slight increase in revenue and you'll see the increase in taxes. One of the things came about this year is the Goose Creek TIF is finally ending. That's a good thing for us so, we will get...that will be new money for us. We haven't had it, it's been in existence I believe, 15 years. So, it's an increase of about $525,000 to us. In addition to us getting more money, the school is going to be getting more money so; we are very appreciative of that. In addition, we've got an increase in Fee in Lieu taxes. We've got, remember we have a Kevlar that came. That will be coming on the books this year, that's started back in…I guess they started the construction or started in production last June or July, I believe. And also, we've got some, the Google building finished. We've had a second building of the Google building and so, we hope to see an increase of our Fee in Lieu of taxes. Otherwise, things are pretty much right in line. We do have, as you can see, we kind of took into consideration what's happening in Permitting and have adjusted some things down. Does anyone have any questions on this?"

Councilman Farley: "Do we have funding for the Tech Center?"

Ms. Kace Smith: "No sir, we do not. So, this isn't just in revenues but we can look. We have not put anything in here to Trident Tech. I know that Council took action for two years worth of funding. (Slide 19) Here is the Personnel, I mean the expenditures for the General Fund. Comparing them to 12 and 13, a slight increase in personnel, but as I mentioned that's due to increases in insurance and retirement. Operating expenditures are about the same. Here is something you all need to be very proud about. Look at this, no debt service. This is wonderful. We have no short-term debt any longer. That's significant. This transfer out, just to remind you where the transfer outs go, they go to fund our library. They go to fund part of our GIS Department. They also go to fund our Emergency Preparedness Department and that's basically it."

Councilman Schurlknight: "Short-term debt you're talking about, that's lease purchase?"

Ms. Kace Smith: "Lease purchase, lease purchase, you're done. You are done."

Councilman Schurlknight: "And that's what the 29% Capital Improvements Fund was going towards?"

Ms. Kace Smith: "It went to help that. It certainly did. In fact, in the current fiscal year in 11-12, the Capital Improvement Fund paid for this debt right here, $500,000. (Slide 20) Here's the Cypress Gardens Budget for next year. Just a slight increase in revenue, you will see that it's really in the facility rental area. Personnel, just a slightest increase and… I mean, expenditures just the slightest increase overall. (Slide 21) 911, this is the scary part where they're having to use $146,000 of their carryover, for operations and for personnel. So, we're going to work very hard to try and find additional funding sources and hopefully the state and the national folks will work towards finding a solution so we can get some of these revenues back. The operating costs, you know they… we have increases every year with communication. It goes for advertising, it goes for tower rentals. Those don't change, no matter what our revenue stream is, those don't change. (Slide 22) Here is just a comparison of fiscal year 11, compared to fiscal year 12. This has got all the funds in it. You can see we've got the slightest increase in the General Fund. We've got special revenue and the enterprise. So, the top part is our revenue and the bottom is our expenditures. (Slide 23) I also, wanted to show you our Elected Officials because I know y'all are very interested in that and for Elected Officials, purposes tonight, we're talking about the Auditor, Clerk of Court, the Coroner, Probate, Register of Deeds, the Sheriff's Department and the Detention Center, and the Treasurer. The column here shows what funding we gave them in fiscal year, the current fiscal year 11-12 $19 million. They requested $23 million. But, we have, their funding is only going or we're recommending $19.3 million again. Just to let you know, here's their carryover balances. Some of them have substantial balances. I will let you know that a couple of them, I know the Clerk of Court is doing some renovations at the Court House now. I'm not sure how much she's going to be utilizing prior to the end of the year. I know the Register of Deeds is going to be doing some fax scanning. In fact, she just came to County Council, remember a couple of weeks ago to ask for a sole source. So, she indicated that she is going to be using some of that. Some of them have used it for personnel in the past. Some of them used it for capital purchases. Never the less, these were the balances at 6/30/2011. (Slide 26) Looking at our Capital Improvement Fund recommendation for 12-13, we anticipate another $2.8 million in funds going to this area. We've got the Assessment District contribution of $500,000 and we have no debt payment y'all. That's that lease purchase again. So, that's something to be proud about."

(Inaudible)

Ms. Kace Smith: "Yeah, we do have $321,000 that is needed to finish the St Stephens Library Magistrates Office. You may remember this amount when we came to you all in January and February. In addition to that, we've got the completion of the communication tower project. Last year, we mentioned this to you. The whole project is over a million dollars. We funded it last year I believe, $500,000 dollars. This is the remaining portion. This has to be done by January 1, 2013."

Councilman Farley: "Is it in progress now?"

Ms. Kace Smith: “Yes. We have spent or they have spent a half of a million dollars and Chip can better talk to you about that. I know they have been working very hard and making sure that we comply with that deadline. We’re suggesting, we’re recommending new equipment for the Maintenance Garage. All this is detailed in the notebook that you have, a list of complete equipment that we’re anticipating that we’re getting or recommending that we’re getting. We’ve got replacement vehicles of 4.8 or $488,000, equipment of $352,000.”

Councilman Schurlknight: “On the vehicles, is any of that Sheriff’s Department vehicles or are they employee?”

Ms. Kace Smith: “No, there is not.”

Councilman Schurlknight: “Ok.”

Ms. Kace Smith: “Not out of this 2.8.”

Councilman Schurlknight: “Ok.”

Ms. Kace Smith: “(Slide 27) Video conferencing, it’s a small amount but I wanted to put it out here because it’s kind of significant. During the budget process we had several conversations and Clerk of Court has a real interest in the video conferencing, so does the Sheriff’s Department. And the Sheriff’s Department indicates it will help him save money because he won’t have to transport juveniles and other folks up and down the interstate. So, we’re recommending that we do get two video conferencing systems. One, we will put in the Court House and that location has yet to be determined and one we will suggest putting in this building somewhere. We hope to start doing more of those meetings and conversations by the internet and the video conferencing and save dollars that way. I understand that the State is requiring some of the departments to do some of that as well. I think DOJ may be one of them.”

Councilwoman C. Davis: “Is that $8,000 for two?”

Ms. Kace Smith: “Yes, it’s…Chip, could probably tell you more about that.”

Mr. Chip Boling: “These are (inaudible) systems that would be consistent and (inaudible) with what the states usually put in.”

Ms. Kace Smith: “This AccessPro upgrade is for our Assessor’s Office. This gets into a different and a better version of his software. It’s necessary. And also, we’re recommending $300,000 for the IT Department, which I’m sure Chip is not real happy that I’m not giving him more than that and he has to buy a large piece of equipment out of this, so… We did what we could Chip. That’s all I can tell you.”

(Inaudible)

Ms. Kace Smith: “He will be.”

Councilman Farley: “Negotiate heavy.”

Ms. Kace Smith: “Now, although and that pretty much takes care of the 2.8. Now, with any carryover funds and we’re still assessing that amount. Some uses that you may want to consider is putting, is getting some additional vehicles for the Sheriff’s Department with our carryover bonds. In addition to that, we would also recommend that you all would consider doing another aerial mapping. That is a particular interest to both our GIS and our Assessor’s Office. We haven’t had a fly over in several years and we would recommend that you all consider this. In addition, I wanted to just mention this to you. We are going to need to purchase a new Tax System in the upcoming years and it’s going to be expensive. So, I just wanted to make you all aware of that, we’re not recommending it at this time. But, you know, we have a hand written tax program here.”

Councilman Farley: “No, is this the same thing that like Charleston County went through that they had such a…”

Ms. Kace Smith: “Well, it’s a tax system, yes.”

Councilman Farley: “Such a hard time to…”

Ms. Kace Smith: “Well, it’s a tax system, so we’re going to, we haven’t started…”

Councilman Farley: “Talk about for printing the tax bills?”

Ms. Kace Smith: “Well, it would be for more that...and Chip can probably talk about that.”

Supervisor D. Davis: “Well, that got a lot of attention in the press and…”

Chairman Farley: “Right, bad press.”

Supervisor D. Davis: “Bad press but, it’s not that bad of a system.”

Chairman Farley: “Well, I would like to see us redo our tax bills.”

Supervisor D. Davis: “Well.”

Ms. Kace Smith: “Well, and that maybe something we can do with this. We don’t have…I believe our tax system was written for a much smaller county. You know, when we were….”

Councilman Farley: “Could have been.”

Ms. Kace Smith: “You know, and making a change is you know, very difficult for the IT Department. It takes them a long time because it’s just very complex and so we really want to get something a little bit simpler.”

Mr. Chip Boling: “I don’t know that it’s going to be a whole lot more simple.”

Ms. Kace Smith: “Ok.”

Mr. Chip Boling: “Just develop what I think we’re talking about is a program that is developed over the current technology. Our program is very solid. It’s very stable. But, it has evolved over 30 plus years and it’s a program that was actually brought here from Charleston County back in 1980’s or something.”

Councilman Farley: “I’ve seen some tax bills from other states and I think that when we go to looking at this, we might need to check with other states and see how they do that. Because some of them maybe something that we really like.”

Mr. Chip Boling: “Exactly.”

Ms. Kace Smith: “I agree.”

Councilman Farley: “Shows what you paid this year, if we do this, it could be this amount and if we don’t do it, it could be this amount and show bond repayments. Show schools, city, county, and I mean, it’s…and it’s no more, it’s really no bigger than the tax bill we have.”

Ms. Kace Smith: “Ok, well that would be very informative, I would think for the citizens.”

Councilman Farley: “I’m thinking that if we’ll get some tax bills from some other states and that way there, the people can open up and they can read it and it’s as simple to follow as can be.”

Councilman Schurlknight: “(Inaudible) line items on it.”

Councilman Farley: “Oh yeah, that’s correct. I mean, you know, I looked at one from Florida, Daytona Beach and I just thought that was the neatest thing in the world that they told you, you know what your taxes are now…”

Ms. Kace Smith: “Ok.”

Councilman Farley: “They have it and they listed the meetings. But, they, down there they’ve got hospital tax, they’ve got inland waterway tax, they got bond repayments, and they list everything.”

Councilman Schurlknight: “(Inaudible)”

Ms. Kace Smith: "Well, I would imagine in the next budget year 13-14 that you may see something on there for the tax system because we are, we do need to be working towards that."

Councilman Farley: "Well and by doing this, it may take you know, a workshop or something like that to throw them all out and just look at them and see. And of course you can find out where they, what kind of system they got. Of course, they would answer, I'm sure they would let us know the pros and cons."

Ms. Kace Smith: "Sure. That would excellent."

Councilman Farley: "What they can do to tweak it."

Ms. Kace Smith: "That'd be a great idea to do that."

Councilman Farley: "Because like Dan's saying, Charleston County got a lot of bad press but, you know, they…people don't know what exactly happened. You know, newspaper just doesn't put it like it is a lot of times."

Ms. Kace Smith: "No."

Councilman D. Davis: "Right."

Ms. Kace Smith: "Well, that's our 12-13 budget. Does anyone have any questions?"

Councilwoman C. Davis: "Elected Officials, are they going to be treated the same as far as, their contracts and…"

Ms. Kace Smith: "Well, we, at this time we haven't really, we haven't talked about the contracts but, I imagine we'll still continue those. We funded them a little bit differently in 11-12 and we did it the same in 12-13. Where we gave them their current personnel and we gave them a projected expenditure, what we thought they were going to spend. So, we did do, back when we originally started the contract you may remember we gave them a percentage of revenue. We haven't had that available to us the last couple of years due to our financial situation. So, you can see some of them have healthy fund balances. Or carryover, some, you know back to the Sheriff. The Sheriff has none. Oh wait, I'm sorry."

(Inaudible)

Ms. Kace Smith: "Well that's nothing with Official. That's not even a month of fuel for him. He spent a lot, a million dollars in fuel in a year. So…"

Councilman Schurlknight: "(inaudible) Fuel prices…"

Councilman Farley: "Well, the Register of Deeds, didn't we just with the program that we just…"

Ms. Kace Smith: “She’s going to be using some of that, yes.”

Councilman Farley: “That would come out of here. Ok, alright.”

Ms. Kace Smith: “She indicated when we had our budget meeting with her, I believe it was, I thought it was $170,000 that she may be spending.”

Councilman Farley: “Ok.”

Ms. Kace Smith: “That will get her back 25 years worth of data.”

Councilman Farley: “That’s right. Looking at that figure, yeah the bottom would…”

Ms. Kace Smith: “She’s is going to be denting that. She’s going to put a healthy dent in that, yes.”

Councilman Farley: “Yeah, the bottom would change $175,000.”

Ms. Kace Smith: “And as I mentioned, the Clerk of Court is doing some renovations at the Court House. I haven’t been over there but, I understand she’s done quite a bit.”

Councilman Farley: “Is that something they put out on bid, the Clerk’s Office?”

Ms. Kace Smith: “Well, she would go through our procurement process, yes because we still, you know we’re still writing the check so we’re still spending this money so yes. It still goes through our procurement process.”

Councilman Schurlknight: “The Elected Officials are they still pretty satisfied with the contract….(Inaudible).”

Supervisor D. Davis: “As far as we know.”

Councilman Schurlknight: “Ok.”

Ms. Kace Smith: “So, this is our budget and we have a lot… I know it’s, we just did a quick overview. There’s a lot of information we’re giving you detailed books. If you don’t want to take them because it’s raining we can give them to you on Monday. I understand. So...”

Councilwoman C. Davis: “It’s gonna be kind of hard running with that.”

Ms. Kace Smith: “Well, I mean if want, you know.”

Supervisor D. Davis: “If there’s nothing else I’ll entertain a motion to adjourn.”

Councilman Schurlknight: “So move.”

Councilman Farley: “Second.”

Supervisor D. Davis: “All in favor say Aye. (Ayes)”

It was moved by Councilman Schurlknight and seconded by Councilman Farley to adjourn the Special Meeting of Council (Workshop). The motion passed by unanimous voice vote of Council.

The meeting ended at 8:11 p.m.

Catherine Windham
Interim Clerk to Council

June 25, 2012
Date Approved

NOTICE OF SPECIAL MEETING OF BERKELEY COUNTY COUNCIL

Chairman:	Mr. Daniel W. Davis, Supervisor
Vice Chairman:	Mr. Steve C, Davis, District No. 8
Members:	Mr. Phillip Farley, District No. 1
	Mr. Timothy J. Callanan, District No. 2
	Mr. Robert O. Call, Jr., District No. 3
	Ms. Cathy E. Davis, District No. 4
	Mr. Dennis L. Fish, District No. 5
	Mr. Jack H. Schurlknight, District No. 6
	Mr. Caldwell Pinckney Jr., District No. 7

A **Special Meeting** of **Berkeley County Council** will be held on **Tuesday**, **May 22, 2012** at **6:00 p.m.**, in the Supervisor's Conference Room, Berkeley County Administration Building, 1003 Highway 52, Moncks Corner, South Carolina.

WORKSHOP

CALL TO ORDER

In accordance with the Freedom of Information Act, the electronic and print media were duly notified.

PRESENTATION of Supervisor's 2012-2013 Budget

ADJOURNMENT

May 16, 2012
S/Patricia R. Dennis
Catherine R. Windham
Interim Clerk of County Council